Task ID# 2186

ENERGY FUELS RESOURCES CORPORATION

January 3, 2007

Attn: Susan White
Minerals Regulatory Program
Division of Oil, Gas, and Mining
Utah Department of Natural Resources
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Re: Response to deficiency letter, Notice of Intention to Commence Small Mining Operations, Whirlwind Mine, S/019/0065, Grand County, Utah

Dear Ms. White:

Energy Fuels Resources Corporation (Energy Fuels) has reviewed your letter of deficiency for the Whirlwind Mine, file number S/019/0065, dated October 23, 2007. Your comments are provided below in italics. Our responses to your comments are provided below each comment. We have attached the original Figures 1 through 3 from the Small Mine Notice of Intention (NOI) with minor revisions to Figures 2 and 3 as well as a new figure, Figure 4, for your reference.

1. *Your business is marked as a corporation, but the Department of Commerce lists a Sole Proprietorship (DBA) for the entity number you provided. Please clarify. (page1)*

The entity number is correct; however, our listing in the Utah Department of Commerce database was incorrect. We have contacted the Department of Commerce and sent in the necessary documentation to convert our listing from a DBA to a corporation. We are currently awaiting processing of the paperwork.

2. *The signature page must be signed by an executive officer of the corporation. It was signed by Steve Antony, who is not listed as a company officer with the Utah Department of Commerce (page 7).*

Mr. Antony is the Executive Vice President and Chief Operating Officer of Energy Fuels. The principals for Energy Fuels have been updated with the conversion to a corporation to include Mr. Antony as an officer of the company.

3. *The name and address of the BLM Office that has authority for the surface and mineral ownership where mining activity will take place, and which has been notified in writing of the intent to mine, as stated in the NOI page 3).*

The Moab and Grand Junction Field Offices have jurisdiction over the Whirlwind Mine area. They have been included in the revised NOI, attached to this letter.

4. *Clarification of the drilling method for ventilation shafts. How will they be drilled to be six feet in diameter, what is the depth, how much material will be removed and where will it be placed? (page 4-5) The state considers complete backfilling to be a best management practice for shafts. Please commit to this method of reclamation.*

Ventilation shafts will be drilled by a raise boring method. First, a pilot hole will be drilled from the surface into the mine workings. After the pilot hole is drilled, a reamer will be attached to the end of the drill, in the mine workings, and the shaft will be reamed from bottom to top. The reaming creates a 6-foot diameter shaft and waste material drops into the workings. Waste material will be mucked out of the mine workings and placed in the waste dump, located at the Whirlwind portal area in Colorado.

The overburden at the vent shaft locations measures an average of 650 vertical feet. Based on a six-foot diameter shaft and a 30 percent swell factor, drilling of the ventilation shafts will produce approximately 880 cubic yards of waste material per shaft, which will be placed in the waste rock dump near the Whirlwind Portal in Colorado.

The method of sealing ventilation shafts proposed in the Small Mine NOI is standard practice in the mining industry, is proven to be effective, and has been approved for other mines on BLM managed land in Utah within the past year. Specifically, this method of sealing shafts was approved for the Tony M. Mine in Garfield County. This method has also been accepted without objection by the Grand Junction BLM and the Colorado Division of Reclamation, Mining, and Safety (DRMS) for the vent shafts in Colorado.

Complete backfilling of shafts is generally used in cases where the shaft may be unstable or where the potential exists for groundwater to flow from upper aquifers, intercepted by the shaft, into lower aquifers or the mine workings. Energy Fuels will be installing steel casings from top to bottom in all vent shafts. The casings will be grouted to provide long-term stability and prevent cross-contamination of aquifers. The grouted casing will provide a solid base for the reinforced concrete and steel cap that is proposed for reclamation. The volume of backfill material that would be required for complete backfill reclamation, approximately 880 cubic yards, would require approximately 88 loads of backfill material to be brought to the top of the vent shaft in dump trucks and would cause unnecessary disturbance of the area. The proposed vent shaft sealing method would be much less invasive to the area and would not settle over time. We

request that you consider this information and permit Energy Fuels to seal the ventilation shafts as proposed in the Small Mine NOI.

5. *In regards to the proposed incremental bonding, please submit a map that shows exactly which vent shaft will be approved and constructed first (designate as disturbed area). The map will then need to be amended as shafts are bonded, to show exactly which shafts are approved to be on site.*

The attached revision of Figure 3 indicates that proposed vent shaft identified as U-3 will be the first to be installed in Utah. As vent shafts are installed and additional bonding is provided for other vent shafts, this map will be amended accordingly.

6. *Please provide a map, acreage, and description of the mining methods that will be used for mining in Utah. Average, minimum, and maximum overburden thickness or an isopach map is required along with any other information required to predict the surface effects of underground mining. A typical geologic cross section(s) should be included and describe the water bearing potential of these strata.*

Figure 2 shows the ultimate limits of underground mining (red dashed line) based on our claim block. This area comprises approximately 2,350 acres in Utah, not including Utah State Section 16. It should be noted that this is the potential affected area; however, current mine plans are limited to Section 9, comprising approximately 300 acres. Energy Fuels is actively seeking the minerals rights to Utah State Section 16 from Uranium One Inc. In the event that this lease is acquired by Energy Fuels, the Small Mine NOI will be amended to include this area.

Nine-foot high by twelve-foot wide drifts will be driven through known ore-bearing zones to provide access for production mining. The drifts also provide access for geologic mapping, long-hole drilling, rib scanning, and collecting samples. This geologic data will be used to develop detailed mine planning and stope development for each drift.

The ore will be mined using a modified room-and-pillar system. This mining method is a common method for mining in uranium-bearing sandstone and is designed to follow the irregular configuration of the individual ore bodies. The ore seams vary in height with an average seam thickness of approximately three feet. The waste to ore ratio also varies depending on the thickness of the ore and splits within the ore seams. The mines in this area have typically averaged 2 to 3.5 tons of waste rock per 1 ton of ore.

The thickness of overburden ranges from 600 to 700 feet and averages 650 feet on the Utah side of the planned mining area. Due to the thickness of overburden and stratified nature of the geologic formations, no surface effects due to mining are anticipated. This conclusion is supported by observations of the previously mined areas on Beaver Mesa which contain many miles of drifts with no apparent surface affects.

A typical geologic cross section is provided as Figure 4 and is attached. Water bearing strata include one sandstone lens near the base of the Burro Canyon Formation and three

sandstone lenses in the Brushy Basin member of the Salt Wash Formation. These sandstone lenses were formed by fluvial processes, are lenticular in shape, and may not be continuous across the mesa. Ground water, if present, is perched and unconfined and typically limited to the bottom portion of the sand lenses.

The Salt Wash member of the Morrison Formation, where mining will occur is relatively dry. A small amount of ground water (nominally about 10 gpm) is entering the existing mine workings through the decline, a historic shaft, and several unplugged historic drill holes. These sources of water inflow are located in Colorado and will be grouted or plugged in accordance with the permit conditions imposed by the DRMS and the Grand Junction BLM. Excess water that has accumulated in the mine will be pumped to the surface where it will be treated and discharged.

7. *The NOI says that water will be discharged from the mine. Please provide expected quantities and quality of water to be discharged.*

The mine water pumped from the mine workings will be treated and discharged to the middle tributary of Lumsden Canyon. The Colorado surface water discharge permit is enclosed as Attachment C to the Small Mine NOI. In accordance with the permit conditions, water will be discharged at a maximum rate of 0.03 million gallons per day and will be treated to meet the water quality standards included in the permit.

A permit fee of $150.00 was included in the previous submission of the Small Mine NOI, dated July 23, 2007. Please feel free to call or e-mail me (303-974-2140 ext 230, zrogers@energyfuels.com) with any questions or concerns you may have.

Sincerely,

Zach Rogers
Environmental Engineer

Attachments: Figures 1 – 4
Small Mine NOI Form

Cc: Becky Dolittle, BLM – Moab
Scott Gerwe, BLM – Grand Junction
Russ Means, DRMS – Grand Junction
Roger Garrigues, Gault Group
Greg Lewicki, Greg Lewicki & Associates
Frank Filas
Stephen Antony
Trey White